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January Revenues

Nashville – On an accrual basis January is the sixth month in the 2004-2005 fiscal year. Department of Revenue tax collections were \$929.3 million.

January revenues were \$59.5 million more than the budgeted estimate, Finance and Administration Commissioner Dave Goetz announced today. The general fund had a \$57.9 million overcollection and the four other funds overcollected by \$1.6 million.

Sales tax collections were \$1.9 million less than the estimate in January. For six months revenues are undercollected by \$89.3 million. The January growth rate was 6% and year-to-date growth was 3.9% or 1% less than the budgeted estimate.

Franchise and excise taxes combined were \$56.1 million more than the estimate of \$93.4 million. For six months revenues are \$120.6 million overcollected, which may be overstated. An alternative estimating model indicates year-to-date overcollections of \$63.6 million. The two models come together in April and that will be a more accurate indicator of overcollections.

Gasoline taxes and motor vehicle registrations were \$2.3 million more than the budgeted estimate of \$84.9 million.

Year-to-date collections for six months are \$34.7 million more than the budgeted estimate. The general fund, because of franchise and excise tax collections, is overcollected by \$39.7 million and the four other funds are undercollected by \$5 million.

The budgeted revenue estimates and the revised estimates presented in the new budget document are the same in total revenue and general fund revenue. The individual estimates are different. The revised estimates assume a \$65 million shortfall in sales tax collections, a surplus of \$60.4 million in franchise and excise taxes, and a surplus of \$4.6 million in all other taxes when compared with budgeted estimates for the full fiscal year.

The budgeted revenue estimates are based upon the State Funding Board's consensus recommendation adopted by the second session of the 103rd General Assembly in May of last year.

<p align="center">REVENUE COLLECTIONS JANUARY, 2005, AND 6 MONTHS YEAR-TO-DATE</p>

January Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$737,982,000	\$795,844,000	\$57,862,000
Highway Fund	49,247,000	51,132,000	1,885,000
Sinking Fund	21,342,000	21,336,000	(6,000)
City & County Fund	58,068,000	58,201,000	133,000
Earmarked Fund	3,227,000	2,808,000	(419,000)
Total	\$869,866,000	\$929,321,000	\$59,455,000

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$3,763,448,000	\$3,803,161,000	\$39,713,000
Highway Fund	308,598,000	309,208,000	610,000
Sinking Fund	123,911,000	123,266,000	(645,000)
City & County Fund	328,539,000	324,790,000	(3,749,000)
Earmarked Fund	16,012,000	14,779,000	(1,233,000)
Total	\$4,540,508,000	\$4,575,204,000	\$34,696,000

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	January			
	2004	2005	Change	Percent
Franchise & Excise	\$120,969,000	\$149,517,000	\$28,548,000	23.60%
Income	3,894,000	2,865,000	-1,029,000	-26.43%
Inheritance & Estate	4,307,000	8,286,000	3,979,000	92.38%
Gasoline	50,236,000	50,895,000	659,000	1.31%
Petroleum Special	5,120,000	5,307,000	187,000	3.65%
Tobacco	8,860,000	8,952,000	92,000	1.04%
Beer	1,354,000	1,165,000	-189,000	-13.96%
Motor Vehicle Registration	14,645,000	17,659,000	3,014,000	20.58%
Motor Vehicle Title	901,000	955,000	54,000	5.99%
Mixed Drink	3,728,000	3,932,000	204,000	5.47%
Business	1,156,000	1,341,000	185,000	16.00%
Privilege	20,500,000	21,753,000	1,253,000	6.11%
Gross Receipts	(18,000)	114,000	132,000	733.33%
TVA - In Lieu of Tax Payments	16,756,000	18,038,000	1,282,000	7.65%
Alcoholic Beverage	4,662,000	4,676,000	14,000	0.30%
Sales and Use	585,078,000	620,405,000	35,327,000	6.04%
Motor Vehicle Fuel	13,587,000	13,366,000	-221,000	-1.63%
Severance	82,000	91,000	9,000	10.98%
Coin-operated Amusement	0	4,000	4,000	NA
Total	\$855,817,000	\$929,321,000	\$73,504,000	8.59%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - January			
	2003-2004	2004-2005	Change	Percent
Franchise & Excise	\$452,943,000	\$556,001,000	\$103,058,000	22.75%
Income	11,647,000	10,004,000	-1,643,000	-14.11%
Inheritance & Estate	52,924,000	40,143,000	-12,781,000	-24.15%
Gasoline	307,756,000	308,934,000	1,178,000	0.38%
Petroleum Special	31,617,000	32,191,000	574,000	1.82%
Tobacco	60,216,000	59,661,000	-555,000	-0.92%
Beer	8,849,000	8,614,000	-235,000	-2.66%
Motor Vehicle Registration	96,036,000	102,346,000	6,310,000	6.57%
Motor Vehicle Title	5,402,000	5,497,000	95,000	1.76%
Mixed Drink	20,057,000	20,967,000	910,000	4.54%
Business	6,597,000	7,761,000	1,164,000	17.64%
Privilege	115,774,000	120,262,000	4,488,000	3.88%
Gross Receipts	9,912,000	13,038,000	3,126,000	31.54%
TVA - In Lieu of Tax Payments	101,861,000	106,700,000	4,839,000	4.75%
Alcoholic Beverage	19,195,000	19,718,000	523,000	2.72%
Sales and Use	2,960,387,000	3,076,238,000	115,851,000	3.91%
Motor Vehicle Fuel	86,710,000	86,356,000	-354,000	-0.41%
Severance	536,000	709,000	173,000	32.28%
Coin-operated Amusement	103,000	64,000	-39,000	-37.86%
Total	\$4,348,522,000	\$4,575,204,000	\$226,682,000	5.21%

Table 3
August - January Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (85,400,000)	\$ (3,900,000)	\$ (89,300,000)
Income Tax	(1,200,000)	(300,000)	(1,500,000)
Inheritance Tax	0	0	0
Privilege Tax	1,200,000	(1,200,000)	0
Business Tax	0	0	0
TVA	2,800,000	1,900,000	4,700,000
Gross Receipts	(1,200,000)	0	(1,200,000)
Gasoline & Motor Vehicle Registration	800,000	(1,600,000)	(800,000)
Other Taxes	2,100,000	100,000	2,200,000
Sub-Total	\$ (80,900,000)	\$ (5,000,000)	\$ (85,900,000)
F & E Taxes	120,600,000	0	120,600,000
Total	\$ 39,700,000	\$ (5,000,000)	\$ 34,700,000